

Weekly Economic Review

Job losses ease in June

Employment

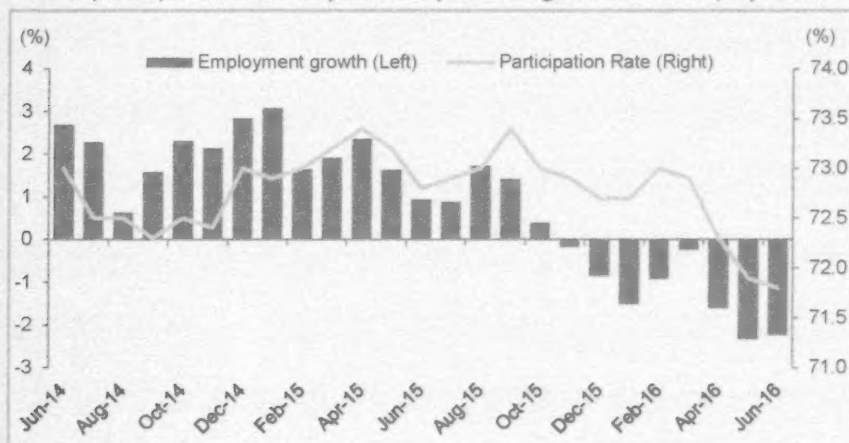
Some respite in June, but labour market still weak

Alberta employment fell by 1,900 in June, bringing the total number of losses over the second quarter to nearly 47,000. Employment fell 2.2% year-over-year (Chart 1). The fall in the labour force (-1,600) was not enough to offset job losses. This pushed the unemployment rate up to 7.9%, on par with the 20-

year high set in February. Most of the monthly losses were in construction (-8,200) and trade (-4,200), with gains in accommodation and food services (+5,800) and manufacturing (+4,200). Full-time employment was also down from last month. The public sector lost 12,700 jobs in June, while the private sector gained slightly (+1,200).

Chart 1: Labour force participation falls amid job losses

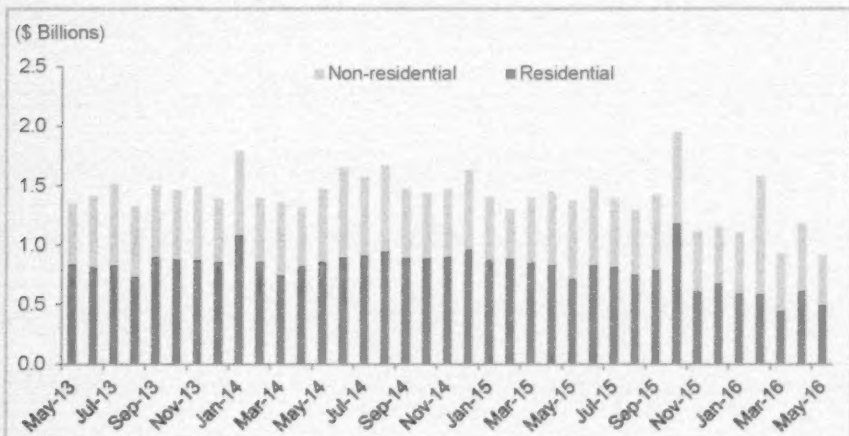
Alberta participation rate and year-over-year change in Alberta employment



Source: Statistics Canada

Chart 2: Weakness in residential and non-residential permits

Value of Alberta building permits



Source: Statistics Canada

Building Permits

Building intentions continue to decline

Alberta building permits posted a new 5-year low in May. Building permits lost nearly a quarter of their value from the previous month to total \$916 million in May. This weakness pushed permit values down by 33% year-over-year (y/y), with year-to-date permits down 17%. There was a broad-based decline in all permit types. Non-residential permits fell by 36% y/y, while the residential sector was down 31% y/y (Chart 2). Edmonton permits were half the level in May 2015, and Calgary permits were down by nearly a quarter from a year ago.

Alberta predominately drove the monthly and year-over-year declines in Canadian permit values. Canadian building permits were down 1.9% month-over-month to total \$6.8 billion in May, falling 0.3% y/y.

Merchandise Trade

Export values stay low

Weakness continues to prevail in Alberta exports. The value of Alberta exports was at \$5.6 billion in May, a 20% y/y decline. Energy products continued to be the main drag on Alberta exports, down 25% y/y (Chart 3). This was the product of low oil prices, with volumes mostly unchanged from a year ago. Non-energy exports also continued to be weak, down 12%

y/y. The largest year-over-year declines in non-energy exports stemmed from chemical, plastics and rubber, farm and food, and industrial machinery products. So far this year, Alberta exports have fallen 25%, which is in-line with the declines in 2015. Energy exports were down 32% year-to-date, while non-energy exports were down 10%.

Sawmills

Lumber takes a rest in April

Alberta sawmills experienced lower levels of production and shipments of lumber in April. Alberta lumber production totaled 793 thousand cubic metres in April, 3.0% lower than a year ago, but still up 3.0% year-to-date. At the same time, shipments

fell 2.9% y/y, but were up 4.0% year-to-date. Inventories of lumber were up.

Railway Carloadings

Fewer wheat and crude railcars

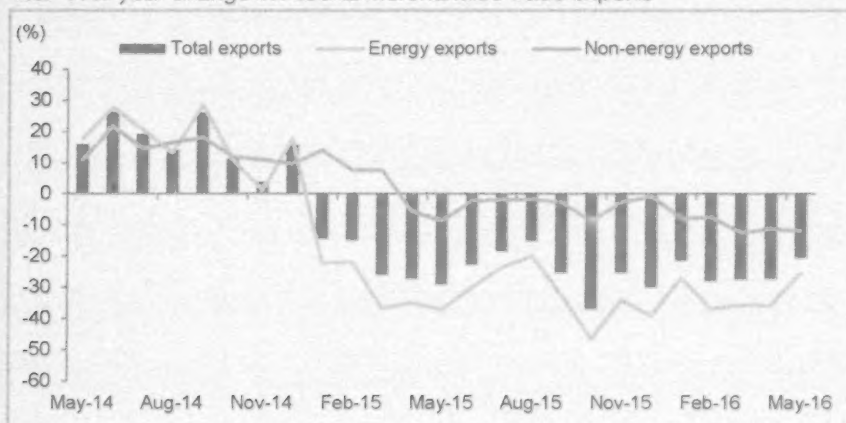
There continues to be weakness in Western Canada's railway carloadings. In total, nearly 149,000 railcars were being shipped from Western Canada in April. This amounts to a 6.1% y/y decline, pulling shipments down 2.4% year-to-date. The weakness in railcar traffic arose from declines in agricultural railcars (-8.1% y/y), specifically shipments of wheat. Another source of declines was in energy railcars (-4.6% y/y), specifically fuel oils and crude cars. Coal shipments, however, were up slightly year-over-year for the first time in 22 months.

US Employment

June sees a large gain in jobs

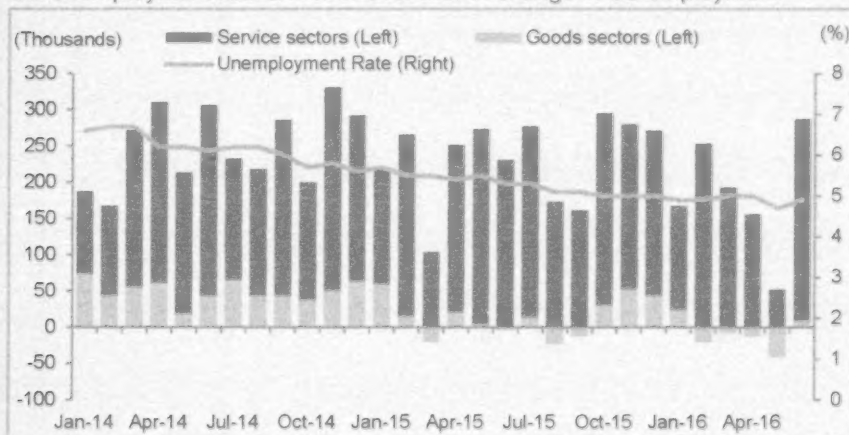
US employment saw strong gains in June. Non-farm payroll employment increased by 287,000 in June, after 3 months of disappointing US job numbers. This was the largest monthly gain since October 2015. The service sector continued to account for nearly all the monthly gains (Chart 4). Strength in health services (+59,000) and leisure and hospitality (+59,000) added to growth. As striking workers returned to work, May's decline in information services was more than offset this month. Job losses in mining continue to mount, totaling over 211,000 since September 2014. The unemployment rate increased to 4.9%, as the civilian labour force participation rate increased by 0.1 percentage points to 62.7%.

Chart 3: Falling export growth for energy and non-energy products
Year-over-year change in Alberta merchandise trade exports



Source: Statistics Canada

Chart 4: US service sector driving employment gains
US Unemployment rate & month-over-month change in US employment



Source: Bureau of Labor Statistics

Contact

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Please see the [Alberta Economy - Indicators at a Glance](#) for a snapshot of Alberta indicators.